



Pay Equity – Does the Wage Gap Exist?

What is Pay Equity?

Pay equity is a means of eliminating sex and race discrimination in the wage-setting system. Many women and minorities are still segregated into a small number of jobs such as clerical, service workers, nurses and teachers. These jobs have historically been undervalued and continue to be underpaid to a large extent because of the gender and race of the people who hold them. Pay equity means that the criteria employers use to set wages must be sex and race neutral.

What is the Legal Status of Pay Equity?

Two laws protect workers against wage discrimination. The Equal Pay Act of 1963 prohibits unequal pay for equal or “substantially equal” work performed by men and women. Title VII of the Civil Rights Act of 1964 prohibits wage discrimination on the basis of race, color, sex, religion or national origin. In 1981, the Supreme Court made it clear that Title VII is broader than the Equal Pay Act, and prohibits wage discrimination even when the jobs are not identical. However, wage discrimination laws are poorly enforced and cases are extremely difficult to prove and win. Stronger legislation is needed to ease the burden of filing claims and clarify the right to pay equity.

How Large is the Wage Gap?

2000 Median Annual Earnings of Year-Round, Full-Time Workers

All Men	\$37,399 (100%)	All Women	\$27,355 (73%)
Men		Women	
Caucasian	\$38,869	Caucasian	\$28,080
African American	\$30,409	African American	\$25,117
Asian and Pacific Islander	\$40,926*	Asian and Pacific Islander	\$31,156*
Hispanic	\$24,638	Hispanic	\$20,527

*Due to the small size of the survey sample, these data may not be representative.

Source: U.S. Census Bureau, Current Population Reports, Series P-60.

The wage gap exists, in part, because many women and minorities are still segregated into a few low-paying occupations. More than half of all women hold sales, clerical and service jobs. Studies show that the more an occupation is dominated by women or minorities, the less it pays. Part of the wage gap results from differences in education, experience or time in the workforce. But a significant portion cannot be explained by any of those factors; it is attributable to discrimination. In other words, certain jobs pay less because they are held by women and minorities.

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Facts about Pay Equity Disparities

In a 1997 national survey of 50,000 women from various occupations, equal pay outranked every other workplace concern, and was cited as very important by 94% of respondents.

- The wage gap for full-time year round workers, (women's earnings as a percent of men's earnings) went from 59% in 1963 to 72% in 1997. That means the wage gap is closing at a rate of less than half of a penny per year.
- The wage gap for African American women is 62.6 cents to a Caucasian man's dollar; for Hispanic/Latina women it is 53.9 cents, and for Caucasian women it is 71.9 cents.
- The wage gap for women holding BA degrees is 72% overall. An African American college-educated woman earns 34% less than the college educated Caucasian male, while college educated Hispanic women earn 32% less.
- Collectively, women lose over \$100 billion annually in wages due to pay inequity. According to a recent study by the Institute of Women's Policy Research, a 25 year old woman who works full time year-round for the next 40 years will earn \$523,000 less than the average 25 year old man, if current wage patterns continue.
- According to the National Academy of Sciences, between one-third and one-half of the wage difference between men and women cannot be explained by differences in experience, education, or legitimate qualifications.
- Even among recent college graduates, women earn 15.7% less than men.

Women of Color in the Workplace

The wage gap is most severe for women of color. Consider these facts about the paychecks of African American and Hispanic women in the workplace:

- Of full-time workers, African American women's median weekly earnings (\$429) were only 64% of the earnings of Caucasian men (\$669) in the year 2000.
- In one year, the average African American woman earns approximately \$12,000 less than the average Caucasian man does. Over a thirty-five year career, this adds up to \$420,000.
- Among full-time, year round workers, African American women with Bachelors' degrees make only \$1,545 more per year than Caucasian males who have only completed high school.
- African American women account for 30% of all female-headed families in the United States. They have a median income of \$18,244 annually, while families headed by Caucasian males (no wife present) have a median income of \$39,240. (*Notes: 1) Income is more inclusive than earnings. 2) The term "female-headed families" does not necessarily include the presence of children.*)
- According to the Census Bureau, in 2000, the median full-time earnings for Hispanic women were \$20,527 only 52% of the median earnings of Caucasian men (\$37,339).
- In one year, the average Hispanic woman working full-time earns \$17,837 less than the average Caucasian man does. Over a 30-year career, that adds up to \$510,000.
- The median income of a female Hispanic householder (\$20,765) is only 46% of the income of single Caucasian male householders (\$44,988). (*Note: Income is more inclusive than earnings.*)
- Hispanic women with a high school diploma earn \$22,469. That is 33% less than Caucasian men with the same level of education.

Sources: U.S. Department of Labor, Bureau of Labor Statistics, U.S. Department of Commerce, Census Bureau, National Committee on Pay Equity